CANADA·ONTARIO Crop Insurance

EIGHTEENTH ANNUAL REPORT

THE CROP INSURANCE COMMISSION OF ONTARIO

For
Fiscal Year Ended March 31, 1984

Agriculture Canada
Ontario Ministry of Agriculture and Food

Toronto, Ontario
Oct. 5, 1984

To The Honourable Dennis R. Timbrell, Minister
Ministry of Agriculture and Food
Province of Ontario.

Sir:

I have the honour to submit herewith the annual report of The Crop Insurance Commission of Ontario for the period April 1, 1983 to March 31, 1984 including the financial statements for The Ontario Crop Insurance Fund and the report of the Provincial Auditor.

Respectfully Submitted,

M. Huff, Chairman
The Crop Insurance Commission of Ontario

Eighteenth Annual Report

of

The Crop Insurance Commission of Ontario

For Fiscal Year Ended March 31, 1984

COMMISSION MEMBERS

MORRIS HUFF — Chairman

HECTOR DELANGHE — Member

JOHN EPPEL — Member

ROBERT HAWLEY— Member

RALPH BEAMER — Member

MURRAY McRAE — Member

GERALD WISMER — Member

OFFICERS

MORRIS HUFF
General Manager

WM. K. REGAN
Assistant General Manager

M.J. TAGGART
Assistant General Manager/Accounting

PETER WILEY
Secretary

RESPONSIBILITIES

- Administration of the Canada-Ontario Crop Insurance Program.
- Administration of crop insurance plans, established by regulations, including the functions of selling, underwriting, claims adjustment, and accounting.
- Conducting surveys and research programs relating to crop insurance, to obtain statistics for Commission purposes.

THE YEAR IN REVIEW

In 1983-84, 47 separate plans were offered to Ontario farmers. Drought, excess moisture and hail reduced yields on many crops. Adverse weather in Southwestern Ontario resulted in claims above premium income for processing tomatoes, soybeans, processing peas, sweet corn, green and wax beans and burley tobacco plans. Hail in the flue-cured tobacco growing area resulted in above-average claims. Favourable fall harvest conditions aided in the production of late harvested crops.

Financially, 1983-84 was a favourable year for the Commission and its deficit was reduced by $7 million to $40.68 million.

FEDERAL-PROVINCIAL FINANCING

To provide Ontario producers with the best crop insurance program at the lowest cost, the Governments of Canada and Ontario provide the following financial support:

The Government of Canada provides financial assistance to the Canada-Ontario Crop Insurance Program by contributing 50% of the total premium required each year. The Federal Government's contribution to this program totalled $20,736,242 for 1983-84.

The Government of Ontario contributes all of the administration costs which totalled $3,503,680 for 1983-84.

THE CROP INSURANCE COMMISSION OF ONTARIO

(Incorporated without share capital under the Crop Insurance Act (Ontario))

BALANCE SHEET
as at March 31, 1984

ASSETS

	1984	1983
	$	$
Cash	432,497	3,525,490
Accounts and premium subsidy receivable	466,721	516,465
	899,218	4,041,955

LIABILITIES AND DEFICIT

Provision for payment of unsettled indemnities *(note 1b)*	1,394,255	843,570
Premiums collected in advance *(note 1c)*	503,106	375,069
Unearned premiums *(note 1d)*	2,981,213	3,006,539
Advances from the Treasurer of Ontario *(note 3)*	36,696,416	47,532,208
Advances from the Ministry of Agriculture and Food	5,000	5,000
	41,579,990	51,762,386
Less deficit	40,680,772	47,720,431
	899,218	4,041,955

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of The Crop Insurance Commission of Ontario as at March 31, 1984 and the statements of revenue and expenditure and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Crop Insurance Act (Ontario), a report on the audit has been made to the Commission and to the Minister.

J.F. Otterman, C.A.,
Assistant Provincial Auditor.

Toronto, Ontario,
August 27, 1984.

THE CROP INSURANCE COMMISSION OF ONTARIO

STATEMENT OF REVENUE AND EXPENDITURE
for the year ended March 31, 1984

	1984	1983
	$	$
REVENUE		
Crop Insurance Premiums:		
Premiums from insured persons	20,736,242	16,461,958
Premium subsidies from the Government of Canada	20,736,242	16,461,958
	41,472,484	32,923,916
Premium Adjustment *(note 4)*	—	30,000,000
Administrative expenses paid by the Province of Ontario *(note 2)*	3,503,680	3,334,250
Interest income	131,059	286,471
	45,107,223	66,544,637
EXPENDITURE		
Indemnities (10,620 claims; 1983–8,427 claims)	30,410,262	74,115,585
Administrative expenses (Schedule)	3,503,680	3,334,250
Interest on advances from the Treasurer of Ontario *(note 3)*	4,160,627	2,916,192
	38,074,569	80,366,027
Excess (deficiency) of expenditure over revenue	(7,032,654)	13,821,390

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

STATEMENT OF DEFICIT
for the year ended March 31, 1984

	1984	1983
	$	$
Balance, beginning of year	47,720,431	34,015,429
Adjustments to prior year's indemnity provision *(note 1b)*	(7,005)	(116,388)
	47,713,426	33,899,041
Excess (deficiency) of expenditure over revenue	(7,032,654)	13,821,390
Balance, end of year	40,680,772	47,720,431

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

SCHEDULE OF ADMINISTRATIVE EXPENSES
for the year ended March 31, 1984

	1984	1983
	$	$
Salaries	1,080,237	1,100,138
Commissions and fees - agents	979,252	880,319
Fees and expenses - adjusters	780,308	773,821
Data processing	320,330	258,366
Printing and stationery	71,682	119,706
Telephone, telegrams and postage	71,679	35,313
Automobile expenses	38,748	23,730
Advertising and publicity	36,475	29,131
Travelling expenses	35,844	35,488
Meetings and staff training	30,709	24,609
Members' allowances and expenses	19,095	11,556
Professional services	11,824	12,209
Fees and expenses - arbitration board	11,561	8,471
Miscellaneous supplies and services	6,245	14,460
Equipment and furniture purchases *(note 1e)*	7,691	6,933
	3,503,680	3,334,250

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
March 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Commission uses the accrual basis of accounting except for administrative expenses which is on the cash basis although an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended.

(b) Provision for payment of unsettled indemnities

At the end of a fiscal year, the Commission estimates outstanding indemnities. In the subsequent year, any difference between the estimated and the actual indemnities is reflected in the statement of deficit and not in the statement of revenue and expenditure as the Commission feels the difference should not be reflected in the current year's operating results.

(c) Premiums collected in advance

Premiums collected in advance represent premiums received for the insurance of various crops where the deadline for applying for insurance coverage occurs after March 31, 1984. This insurance may be cancelled by the insured prior to the deadline date and premiums refunded.

(d) Unearned premiums

Unearned premiums represent premiums received for the winter wheat and fruit crops. The deadline for applying for insurance coverage occurred prior to March 31, 1984 and accordingly, the insurance coverage was in force at March 31, 1984 and the premiums cannot be refunded.

(e) Fixed assets

The costs of automobile, equipment and furniture purchases are expensed in the year of acquisition.

2. ADMINISTRATION

(a) Administrative expenses

Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. The Commission has absorbed certain administrative expenses of the Farm Income Stabilization Commission of Ontario.

(b) Accommodation

Office space is provided by the Ministry of Agriculture and Food without charge.

3. ADVANCES FROM THE TREASURER OF ONTARIO

The Commission borrows funds from the Treasurer of Ontario to finance the deficit. Part of the advance has a fixed interest rate of 11.725 per cent to October 31, 1984 (1984 - $23,224,887; 1983 - $35,457,311). The remainder has a fixed interest rate of 11.25 per cent to January 31, 1988 (1984 - $13,471,529; 1983 - 12,074,897). There is no set repayment schedule.

4. PREMIUM ADJUSTMENT

The Government of Canada and the Province contributed $15,000,000 each to the Crop Insurance Commission on behalf of producers for premiums covering a number of specific crops including flue-cured tobacco which incurred major crop losses during the 1982 crop year.

5. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the 1984 presentation.

CANADA-ONTARIO CROP INSURANCE PROGRAM
SUMMARY OF SALES & CLAIMS EXPERIENCE BY CROP
(as at March 31, 1984)

Crop	Contracts At Risk	Acreage Insured	Amount of Insurance $	Total Premium $	No. of Claims	Claim Amount $	Loss or Gain $	Loss Contracts %	Loss Premium %
Winter Wheat	4301	189,973.6	27,548,559.90	1,986,999.68	773	909,134.91	1,077,864.77	18	46
Spring Grain	4377	197,894.5	10,717,340.67	1,575,725.44	2491	2,333,665.04	-757,939.60	57	148
Corn	6288	566,869.8	91,763,214.92	6,420,142.66	1912	4,581,814.24	1,838,328.42	30	71
Soybeans	4294	361,461.8	50,998,719.61	3,219,464.28	1343	4,376,777.21	-1,157,312.93	31	136
White Beans	1100	46,067.2	7,470,093.86	877,953.34	293	529,911.03	348,042.31	27	60
Late Potatoes	37	1,350.0	898,809.03	103,080.00	17	94,104.75	8,975.25	46	91
Hay & Pasture	1361	184,984.0	13,252,955.00	700,361.52	329	238,333.74	462,027.78	24	34
Col. Beans	102	5,580.0	761,258.12	110,670.98	34	111,122.80	-451.82	33	100
New Seeding	2369	62,955.6	1,963,813.00	262,723.08	352	207,601.00	55,122.08	15	79
Peppers	98	1,002.8	659,577.20	112,034.52	50	158,905.41	-46,870.89	51	142
Rutabagas	10	660.0	243,417.60	33,200.00	7	22,210.00	10,990.00	70	67
Tomatoes	863	26,323.4	29,852,877.85	1,920,933.94	552	5,250,406.62	-3,329,472.68	64	273
Green Peas	406	15,321.8	4,867,192.09	491,689.60	325	1,876,467.92	-1,384,778.32	80	382
Sweet Corn	447	23,808.1	6,636,989.60	539,375.20	159	808,600.82	-269,225.62	36	150
Seed Corn	349	16,987.2	7,909,519.60	510,695.00	81	380,575.11	130,119.89	23	75
Gr. & Wax Beans	82	2,815.3	1,043,224.00	198,226.00	49	316,070.53	-117,844.53	60	159
Lima Beans	26	671.5	278,632.00	49,853.80	10	24,276.00	25,577.80	38	49
Popping Corn	4	149.5	36,837.00	4,485.00	4	9,513.00	-5,028.00	100	212
Apples	327	9,315.9	10,419,601.40	1,370,898.22	87	824,916.99	545,981.23	27	60
Grapes	235	9,525.2	9,104,508.29	629,771.12	42	186,533.21	443,237.91	18	30
Peaches	78	1,398.9	1,634,471.62	248,087.00	5	37,233.90	210,853.10	6	15
Pears	106	865.0	680,270.07	107,086.82	8	15,236.18	91,850.64	8	14
Sweet Cherries	52	262.2	143,617.32	40,436.64	14	18,468.00	21,968.64	27	46
Sour Cherries	82	990.5	814,225.58	161,026.38	31	70,824.68	90,201.70	38	44
Plums	41	236.0	178,927.34	33,177.50	19	43,654.66	-10,477.16	46	132
Apple Tree	24	109.0	1,044,588.50	21,796.52	0	0.00	21,796.52	0	0
F.C. Tobacco	2486	128,046.6	197,665,255.18	19,026,806.80	1348	5,933,995.05	13,092,811.75	54	31
Burley Tobacco	267	1,191.9	2,149,934.54	143,036.40	106	298,853.94	-155,817.54	40	209
Black Tobacco	45	268.4	312,029.72	29,529.50	25	78,991.92	-49,462.42	56	268
Seed Onions	47	992.0	1,497,950.70	110,820.00	8	93,784.00	17,036.00	17	85
Set Onions	11	175.8	160,915.37	15,120.52	8	49,224.00	-34,103.48	73	326
Spanish Onions	8	76.0	116,614.32	15,612.60	7	66,164.00	-50,551.40	88	424
Red Beets	4	99.0	39,447.00	4,908.60	0	0.00	4,908.60	0	0
Cauliflower	34	249.7	167,713.75	28,696.86	21	57,494.26	-28,797.40	62	200
Early Potatoes	14	469.3	252,810.00	32,356.40	6	9,621.36	22,735.04	43	30
Sweet Corn Frh	38	565.5	210,293.00	29,657.18	14	46,338.42	-16,681.24	37	156
Tomatoes Fresh	59	514.8	531,361.75	73,236.96	28	157,520.58	-84,283.62	47	215
Cucumbers	98	851.3	400,772.50	48,943.94	25	39,810.70	9,133.24	26	81
Carrots	27	686.5	927,102.59	68,650.00	5	14,543.75	54,106.25	19	21
Cabbage	22	145.6	64,143.00	8,074.48	8	4,700.04	3,374.44	36	58
Pumpkin & Squash	13	201.5	50,032.50	6,794.90	3	1,555.50	5,239.40	23	23
Strawberries	24	335.4	276,540.87	38,135.22	13	103,642.18	-65,506.96	54	272
Parsnips	6	60.5	52,500.00	8,922.00	1	8,040.00	882.00	17	90
Lettuce	4	60.0	49,840.00	8,971.20	1	8,898.00	73.20	25	99
Peanuts	15	519.9	155,308.50	30,160.24	0	0.00	30,160.24	0	0
Celery	7	37.0	48,240.00	6,267.60	1	368.78	5,898.82	14	6
Broccoli	6	83.6	43,820.00	7,887.60	5	10,357.50	-2,469.90	83	131
PROVINCE TOTAL	30694	1,863,209.7	486,095,866.46	41,472,483.24	10620	30,410,261.73	11,062,221.51	35	73
1984-85 PRODUCTION RESULTS									
Winter Wheat	4449	189,589.1	26,272,633.70	1,961,012.08					

GROWTH OF THE CANADA-ONTARIO CROP INSURANCE PROGRAM
(as at March 31, 1984)

	77/78	78/79	79/80	80/81	81/82	82/83	83/84	Total Subsidized Premium $	Total Claims Paid $	Gain or Loss $	Loss Ratio %
Apple Tree							24	21,797	—	21 797	—
Apples	323	352	348	341	338	327	327	7,480,883	7,922,543	(441,660)	105.9
Black Tobacco	77	53	45	52	40	26	45	160,082	156,382	3,700	97.7
Broccoli							6	7,888	10,358	(2,470)	131.3
Burley Tobacco	208	165	161	169	166	223	267	549,170	632,501	(83,331)	115.2
Cabbage					14	18	22	22,780	8,030	14,750	35.3
Carrots					23	29	27	195,396	207,902	(12,506)	106.4
Cauliflower					12	25	34	71,287	104,215	(32,928)	146.2
Celery						4	7	11,004	869	10,135	7.9
Coloured Beans	136	194	168	294	395	198	102	2,059,394	2,169,547	(110,153)	105.4
Corn	6,340	6,216	6,519	6,290	6,409	6,181	6,266	48,998,566	37,135,455	11,863,111	75.8
Cucumbers					69	91	96	134,036	85,455	48,581	63.8
Early Potatoes					5	12	14	72,453	25,941	46,512	35.8
Flue-Cured Tobacco	1,890	2,181	2,158	2,842	2,762	2,444	2,486	67,992,018	127,173,168	(59,181,150)	187.0
Grapes	170	177	182	193	194	218	235	3,092,701	2,145,905	946,796	69.4
Green Peas	443	471	483	447	428	451	406	3,583,392	5,269,860	(1,686,468)	147.1
Green & Wax Beans	66	78	83	89	86	84	82	731,046	1,162,668	(431,622)	159.0
Hay & Pasture	1,288	1,979	1,889	1,609	1,525	1,317	1,361	5,483,197	6,619,707	(1,136,510)	120.7
Late Potatoes	55	54	53	—	29	29	37	936,061	875,762	60,299	93.5
Lettuce						4	4	14,165	16,887	(2,722)	119.2
Lima Beans	47	51	49	30	31	33	26	372,561	426,263	(53,702)	114.4
New Forage Seeding	2,349	2,590	2,704	2,260	2,059	2,074	2,369	1,492,707	1,331,908	160,799	89.2
Parsnips						10	6	26,797	43,092	(16,295)	160.8
Peaches	149	140	125	54	46	63	78	1,364,128	1,948,544	(584,416)	142.8
Peanuts							15	30,160	—	30,160	—
Pears	120	115	111	105	104	103	106	530,862	534,234	(3,372)	100.6
Peppers	34	31	37	34	61	66	98	301,989	271,014	30,975	89.7
Plums	35	40	42	43	42	39	41	132,464	148,282	(15,818)	111.9
Popping Corn					44	8	4	82,503	261,730	(179,227)	317.2
Pumpkin & Squash					7	7	13	9,291	1,849	7,442	19.9
Red Beets	21	18	15	10	7	5	4	78,314	20,223	58,091	25.8

Rutabagas					19	13	10	167,490	177,280	(9,790)	105.9
Seed Corn	316	320	352	327	427	431	349	4,476,302	3,138,746	1,337,556	70.1
Seed Onions	26	24	24	24	48	51	47	468,682	404,364	64,318	86.3
Set Onions	16	17	17	13	16	14	11	91,540	124,433	(32,893)	135.9
Sour Cherries	79	81	83	83	85	83	82	820,680	1,195,257	(374,577)	145.6
Soybeans	1,696	2,105	2,584	2,517	2,830	3,821	4,294	14,845,699	13,299,185	1,546,514	89.6
Spanish Onions					9	9	8	61,459	194,473	(133,014)	316.4
Spring Grain	4,889	4,940	4,880	4,526	4,263	4,607	4,377	13,497,422	13,763,888	(266,466)	102.1
Strawberries					4	12	24	51,697	109,275	(57,578)	211.4
Sweet Cherries	75	60	64	57	56	58	52	350,767	526,022	(175,255)	150.0
Sweet Corn	411	438	452	452	446	428	447	3,672,023	3,747,710	(75,687)	102.1
Sweet Corn (Fresh)					11	16	38	42,512	56,954	(14,442)	134.0
Tomatoes	1,053	1,099	1,021	986	956	951	863	12,368,655	13,767,829	(1,399,174)	111.3
Tomatoes (Fresh)					9	28	59	119,704	188,054	(68,350)	157.1
White Beans	1,694	1,776	1,186	1,293	1,561	1,618	1,100	11,023,749	16,316,230	(5,292,481)	148.0
Winter Wheat	2,706	2,394	2,824	2,922	2,963	3,073	4,301	9,642,328	6,801,978	2,840,350	70.5
Inactive Plans	—	—	—	—	—	—	—	516,095	1,221,319	(705,224)	236.7
TOTALS	26,712	28,159	28,659	28,062	28,599	29,304	30,694	218,255,896	271,763,291	(53,507,395)	124.5

71-72 4,961 72-73 8,246 73-74 13,208 74-75 18,555 75-76 22,740 76-77 23,535